

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6672

BILL NUMBER: SB 215

NOTE PREPARED: Feb 19, 2004

BILL AMENDED:

SUBJECT: Charity Gaming Prize Limits.

FIRST AUTHOR: Sen. Wyss

FIRST SPONSOR: Rep. Lytle

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill increases the cap on the total prizes awarded for one pull tab, punchboard, or tip board game from \$2,000 to \$5,000. It also increases the maximum single prize for one winning ticket in a pull tab, punchboard, or tip board game from \$300 to \$599.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues: The bill changes two prize value limits for pull tab, punchboard, and tip board games operated by licensed charitable organizations. Specifically, the bill increases the total prizes limit for a single pull tab, punchboard, or tip board game from \$2,000 to \$5,000. In addition, the bill increases from \$300 to \$599 the limit for a single prize awarded for one winning ticket in a pull tab, punchboard, or tip board game. Since these changes could potentially increase the average and aggregate value of prizes awarded in these games, overall spending on pull tab, punchboard, and tip board games also might increase. If overall play of these games does increase, it could potentially increase the gross revenue of licensed charitable gaming organizations. This would affect the Charity Gaming License Fee. This assumes that gross revenue from other charitable gaming doesn't decline as players spend more on pull tab, punchboard, and tip board games. Increased play of pull tab, punchboard, and tip board games could lead to an increase in sales of these devices to licensed charitable gaming organizations. This could increase revenue from the Charity Gaming Excise Tax on pull tabs, punchboards, and tip boards.

Background: Current law permits a bona fide civic, educational, political, religious, senior citizens, or veterans organization to hold a charity gaming license for purposes of conducting charity gaming events. Allowable charity gaming events consist of bingo, charity nights, raffles, door prize events, festivals, and sale

of pull tabs, punchboards, and tip boards. In FY 2003, 2,201 charity gaming licences were issued by the Department of State Revenue (DOR) resulting in \$3.9 M in license fees. The Charity Gaming License Fee is based on the total gross revenue earned from charity gaming by a licensed organization. The initial license fee is \$25. The subsequent license fee can range from \$25 for organizations with less than \$15,000 in charity gaming gross revenue to \$25,000 for organizations with at least \$3.0 M in charity gaming gross revenue. In FY 2003, charity gaming events resulted in approximately \$559.8 M in gross revenue, with event expenses totaling about \$485.7 M. The net proceeds retained by the organizations conducting charity gaming totaled about \$74.1 M.

Businesses that manufacture, distribute, or sell charity gaming devices to organizations within the state must obtain a manufacturer's or distributor's license. The manufacturer's license fee is \$3,000 annually, and the distributor's license fee is \$2,000 annually. In FY 2003, 15 manufacturer's licenses and 62 distributor's licenses were issued by the DOR resulting in \$169,000 in revenue. In addition to the license fees, the Charity Gaming Excise Tax on pull tabs, punchboards, and tip boards is based on the wholesale price of these devices when sold to organizations by distributors and manufacturers. The Charity Gaming Excise Tax resulted in approximately \$1.3 M in revenue during FY 2003. License fee and excise tax revenue is deposited in the Charity Gaming Enforcement Fund to pay the charity gaming administrative costs incurred by the DOR. Revenue remaining in the Fund after payment of administrative costs is distributed quarterly to the Build Indiana Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: Indiana Department of Revenue, *Charity Gaming Annual Report*, November 1, 2003.

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